
OLR Bill Analysis

SB 480

AN ACT CONCERNING LIFE INSURANCE PRODUCER LICENSES AND REGISTRATIONS OF BROKER-DEALERS, AGENTS, INVESTMENT ADVISERS AND INVESTMENT ADVISER AGENTS.

SUMMARY:

This bill requires an applicant for a life insurance producer license to disclose on the application form whether, in the past 10 years, the Banks Department has denied, suspended, or revoked his or her registration for a profession it regulates. The regulated professions are (1) broker-dealers, (2) agents associated with a broker-dealer or an issuer, (3) investment advisers, and (4) investment adviser agents.

The bill requires the banking commissioner to provide a monthly list to the insurance commissioner with the names and Social Security numbers of such professionals who (1) are currently registered with the banking commissioner and (2) have had their registrations denied, suspended, or revoked during the preceding 10 years.

The bill requires the insurance commissioner to determine whether the second list includes any (1) applicant for a life insurance producer license or (2) licensee. The insurance commissioner must consider the Banking Department sanction, in addition to the factors he must already consider, in determining whether to (1) grant a producer license or (2) suspend, revoke, or not renew an existing license. If the commissioner denies an application or sanctions a licensee, the commissioner must advise him or her, in writing, of the reason for his action.

An individual aggrieved by the commissioner's decision denying the license or a final order to suspend, revoke, or not renew a license may appeal to New Britain's judicial district.

The denial of an application for or the nonrenewal, suspension, or

revocation of a producer license does not affect an application for, or the continuation of, a license for any other line of insurance.

EFFECTIVE DATE: October 1, 2014

LIST OF SANCTIONED BANKING PROFESSIONALS

The bill requires the banking commissioner to provide monthly to the insurance commissioner, in a form and way they agree on, a list of the names and Social Security numbers of professionals who (1) are currently registered with the banking commissioner and (2) have had their registrations denied, suspended, or revoked during the preceding 10 years. The second list must include the reason for the denial, suspension, or revocation.

REVIEWING APPLICATIONS FOR INSURANCE PRODUCERS LICENSES

If the insurance commissioner determines that an insurance producer license applicant who applied on or after October 1, 2014 is on the second list, he must consider the Banking Department sanction, in addition to the considerations he must already make, in determining whether to grant the license. The commissioner may deny the application if he determines that (1) the applicant is not properly qualified or trustworthy and (2) granting the license is against the public interest.

If the application is denied, the commissioner must notify the applicant and advise him or her, in writing, of the reason for the denial. Within 30 days after the receiving the notice, the applicant can make a written demand for a hearing before the commissioner to determine the reasonableness of his action. The hearing must be held within 20 days after the commissioner receives the request in accordance the department's usual hearing procedures.

REVIEWING LICENSED INSURANCE PRODUCERS

If the commissioner determines that a licensed life insurance producer is on the second list and the sanction was not previously disclosed or known to him, he must consider whether the sanction,

taken with the existing grounds for nonrenewal, suspension, or revocation of a producer's license, materially affects the producer's qualifications or trustworthiness. After providing reasonable notice to the producer, the commissioner must hold a hearing to make the determination. He may suspend, revoke, or choose not to renew the producer's license if he determines that (1) the producer is not qualified or trustworthy and (2) renewing or continuing the license is against the public interest.

BACKGROUND

Professions Registered with the Banking Department

By law, the following professionals must register with the Banking Department: (1) broker-dealers, (2) agents associated with a broker-dealer or an issuer, (3) investment advisers, and (4) investment adviser agents. A broker-dealer engages in securities transactions for others or his or her own account. An investment adviser is someone who, for compensation, (1) advises others on the value of securities or the advisability of investing in, buying, or selling securities or (2) as a part of a regular business, issues or promulgates analyses or reports concerning securities (CGS § 36b-3).

The department can deny, suspend, or revoke a registration on several grounds. These include any (1) wilful violation or failure to comply with the laws governing these professions or (2) conviction, within the past 10 years, for (a) any misdemeanor involving a security or any aspect of a business involving securities, commodities, investments, franchises, business opportunities, insurance, banking, or finance or (b) any felony (CGS § 36b-15).

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 19 Nay 0 (03/20/2014)